

*Annuity
Comparison file*

The attached tables show the effect of proposed retirement plan changes on typical employees now in CSRS and CIARDS.

The benefit is projected for ten years to assure retirement in 1995. Benefits payable under the current systems are compared to the benefits resulting from the following reductions:

Change the high-three pay base to high-five.

Reduce the CSRS benefit by 5% for each year under age 65 at retirement; and the CIARDS benefit by 5% for each year under age 60.

Eliminate the credit for unused sick leave.

The benefit which would result if all three reductions is also shown.

The benefit is compared to the current contributions and the annuity that could be purchased by those contributions if the individual were to leave today, invest the refund, and use those funds to purchase an annuity at the retirement age.

The salary projections were based on current earnings of an average individual in each grade. These were assumed to grow by 5% each year for the next ten years. This assumption anticipates moderate general wage growth and within grade increases. Promotions were not assumed. If promotions were to occur, the benefits, and reductions would be larger.

Other assumptions were that the average interest rate will be 6%, the average inflation rate will be 4% and that unused sick leave is accumulated at seven days a year.

Table 1

Civil Service Retirement System Benefits

Effect of Various Changes in Formula

Employee now age 45 with 20 years of service

Retiring at age 55 with 30 years of service

Grade	9	11	15	SES
Benefit in current system	19,568	23,832	42,474	56,142
Benefit reduced for				
High-5 pay base	18,666	22,733	40,516	53,553
5% under age 65	9,784	11,916	21,237	28,071
No sick leave credit	18,942	23,069	41,115	54,345
All three	9,034	11,003	19,610	25,920
Current contributions	16,469	20,057	35,747	47,250
Benefit purchased at age 55 by contributions	1476	1798	3204	4233

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LIFETIME ANNUITY LOSS IF ALL THREE REDUCTIONS ENACTED	252,816	307,896	548,756	749,328
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Table 2

Civil Service Retirement System Benefits

Effect of Various Changes in Formula

Employee now age 50 with 20 years of service

Retiring at age 60 with 30 years of service

Grade	9	11	15	SES
Benefit in current system	1 19568	23832	42474	1 56142
Benefit reduced for				
High-5 pay base	3 18666	22733	40516	3 53553
5% under age 65	4 17122	20853	37164	4 49124
No sick leave credit	2 18942	23069	41115	2 54345
All three	5 15811	19257	34520	5 45344
Current contributions	16469	20057	35747	47250
Benefit purchased at age 60 by contributions	1681	2048	3650	4824
LIFETIME ANNUITY LOSS IF ALL THREE REDUCTIONS ENACTED	75126	91496	163067	215542

Table 3

CIA Retirement System Benefits

Effect of Various Changes in Formula

Employee now age 45 with 20 years of service

Retiring at age 55 with 30 years of service

Grade	9	11	15	SIS
Benefit in current system	/ 20873	25420	45305	59664 /
Benefit reduced for				
High-5 pay base	5 19910	24248	43217	57123 3
5% under age 60	4 18263	22242	39641	52398 x
No sick leave credit	2 20246	24658	43946	58088 2
All three	5 16901	20582	36683	48488 5
Current contributions	16469	20057	35747	47250
Benefit purchased at age 55 by contributions	1476	1798	3204	4235
LIFETIME ANNUITY LOSS IF ALL THREE REDUCTIONS ENACTED	95327	116093	206908	273504

Table 4

CIA Retirement System Benefits

Effect of Various Changes in Formula

Employee now age 40 with 15 years of service

Retiring at age 50 with 25 years of service

Grade	9	11	15	SIS
Benefit in current system	17394	21184	¹⁰⁰ 37755	49904
Benefit reduced for				
High-5 pay base	16592	20207	^{95.4%} 36014	47603
5% under age 60	8697	10592	^{50.0} 18877	24952
No sick leave credit	16872	20548	^{97.1} 36622	48407
All three	8047	9800	^{46.3} 17467	23087
Current contributions	14351	17478	31151	41175
Benefit purchased at age 50 by contributions	1147	1397	2490	3292

LIFETIME ANNUITY LOSS IF ALL THREE REDUCTIONS ENACTED

	261,716	318,752	568,064	750,876
Current	24,352		52,857	
High 5	23,232		50,426	
No Sick Leave	23,622		51,271	
Both	22,535		48,913	